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FISCAL IMPACT STATEMENT

LS 7385

BILL NUMBER: SB 423

NOTE PREPARED: Jan 20, 2015

BILL AMENDED:

SUBJECT: Property Tax Issues.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Multiple-County Appeals Board:* This bill provides that a multiple-county property tax assessment board of appeals (PTABOA) is created in each Indiana congressional district that includes a county with a population of 75,000 or less. It retains a PTABOA in each county with a population of more than 75,000.

The bill provides that a multiple-county PTABOA consists of three members appointed by the Governor, not more than two of whom may be from the same political party. It requires the Governor to set the compensation of the members of a multiple-county PTABOA and provides that the members of a multiple-county PTABOA are paid by the state.

This bill requires the auditor's office for the county with the greatest population in a multiple-county PTABOA to provide administrative support to the board. It provides that the county council of each county within a multiple county PTABOA may submit recommendations to the Governor for appointments to the board.

Independent Appraisal Stipulation: This bill provides that, following a petition for review contesting the assessed value of tangible property, a taxpayer and a township or county official may enter into an agreement in which both parties agree to stipulate to the assessed value of the tangible property as determined by an independent appraisal. It provides certain provisions that must be included in an agreement, including provisions for selecting an independent appraiser.

The bill requires a PTABOA, upon receipt of an agreement of the parties and an independent appraisal, to enter a stipulated determination of the assessed value of the tangible property in dispute equal to the value

as determined by the independent appraisal. It provides that a PTABOA's entry of a stipulated determination may be appealed directly to the Indiana Tax Court, and not the Indiana Board of Tax Review (IBTR).

PTABOA Reports: This bill requires each PTABOA to submit an annual report of the notices for review filed with the PTABOA in the preceding year. It requires that the report must include the following:

- (1) The total number of notices for review filed with the PTABOA.
- (2) The notices for review that were resolved by a preliminary informal meeting.
- (3) The notices for review in which a hearing was conducted by the PTABOA.
- (4) The number of written decisions issued by the PTABOA.
- (5) The number of notices of review pending with the PTABOA.

The bill requires that the report must be submitted to the Department of Local Government Finance (DLGF), the IBTR, and the Legislative Services Agency (LSA).

Tax Court Workload Review: This bill also requires the Indiana Judicial Center to review the workload and backlog of cases in the Indiana Tax Court for calendar year 2016 and submit a report of the center's findings, analysis, and recommendations (if recommendations are made) to the Legislative Council before December 1, 2016.

The bill makes conforming amendments.

Effective Date: July 1, 2015; January 1, 2016.

Explanation of State Expenditures: *Multiple-County Appeals Board:* This provision will increase state expenditures by an unknown amount beginning in CY 2016. Total expenditures depend on salaries and travel expenses for board members and employees, as well as other administrative expenses. There will be 21 board members and an unknown number of board employees.

There are nine congressional districts in Indiana. Two of them only contain counties that have populations greater than 75,000, so these districts will not have a multicounty board. The other seven districts will each have a multicounty board.

Under this bill, each multicounty board will have three members appointed by the Governor. Two of the members must be at least level-2 assessor-appraisers. Employees of a local assessor in a participating county and elected officials may not be members of the multicounty board. The Governor will determine the salary of board members, which will be paid by the state.

Each multicounty board will also be permitted to hire field representatives and hearing examiners. These employees must be at least level-2 assessor-appraisers. The board may request reimbursement from the state for administration and travel expenses.

Independent Appraisal Stipulation: This provision could reduce the number of appeal hearings held by the IBTR. Appeals of stipulated assessments at the PTABOA level may be appealed directly to the Indiana Tax Court.

Tax Court Workload Review: This review must be completed and a report submitted by December 1, 2016. Costs for the study could be incurred in FY 2016 and FY 2017. The bill permits the Judicial Center to employ contract services for this purpose. The Judicial Center is currently working on a cost estimate but

the amount is not currently available. This fiscal note will be updated when the cost estimate is available.

Explanation of State Revenues:

Explanation of Local Expenditures: *Multiple-County Appeals Board:* The seven congressional districts with multicounty boards contain 89 counties. Seventeen of those counties, along with the three counties in the two nonparticipating districts, will retain their county PTABOAs. Seventy-two counties will no longer have PTABOAs and will save the related expenses. There is no data available on current county PTABOA expenses.

Seven counties, however, will have increased administrative burden and costs for administrative support of the multicounty boards. Each multicounty board will receive administrative support from the auditor of the member county with the greatest population in the district. The administrator will be required to coordinate with each member county assessor, keep minutes, and perform other necessary duties. In addition, the administrator will be required to advertise or post notices of each annual session of the board.

Independent Appraisal Stipulation: This provision could reduce the number of appeal hearings held by the PTABOA. While the PTABOA will choose the appraiser from among three potential appraisers, it is unclear as to who will pay for the appraisal. If the county pays for the appraisal, then the cost of the appraisal could offset part of any savings achieved from not having to hold a hearing.

PTABOA Reports: The reports must be filed before April 1 each year beginning with 2016. The reports filed with LSA must be in an electronic format. This bill would have minimal, if any, fiscal impact in each county as the county boards should be able to compile these statistics from existing records.

Explanation of Local Revenues:

State Agencies Affected: Department of Local Government Finance; Indiana Board of Tax Review; Legislative Services Agency; Indiana Tax Court; Indiana Judicial Center.

Local Agencies Affected: County property tax boards of review; County auditors; Local assessors.

Information Sources: Jane Seigel, Indiana Judicial Center.

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